

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re: Kirk-Hughes Development, LLC

Case No. 09-15153

**CHAPTER 11
MONTHLY OPERATING REPORT
(GENERAL BUSINESS CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: Sep-09PETITION DATE: 04/06/09

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).

Dollars reported in \$1

2. Asset and Liability Structure	End of Current		As of Petition Filing
	Month	End of Prior Month	
a. Current Assets	\$44,196		
b. Total Assets	\$10,037,542	\$9,997,201	\$9,997,201
c. Current Liabilities	\$1,500		
d. Total Liabilities	\$7,041,598		
3. Statement of Cash Receipts & Disbursements for Month	Current Month		Cumulative (Case to Date)
	Current Month	Prior Month	
a. Total Receipts	\$5,650		\$0
b. Total Disbursements	\$12,765		\$0
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	(\$7,115)	\$0	\$0
d. Cash Balance Beginning of Month	\$100		\$0
e. Cash Balance End of Month (c + d)	(\$7,015)	\$0	\$0
4. Profit/(Loss) from the Statement of Operations	Current Month		Cumulative (Case to Date)
	Current Month	Prior Month	
5. Account Receivables (Pre and Post Petition)	\$558		
6. Post-Petition Liabilities	\$38,703		
7. Past Due Post-Petition Account Payables (over 30 days)	\$1,500		
	\$0		

At the end of this reporting month:

	Yes	No
8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)		XX
9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)		XX
10. If the answer is yes to 8 or 9, were all such payments approved by the court?		
11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)		XX
12. Is the estate insured for replacement cost of assets and for general liability?	XX	
13. Are a plan and disclosure statement on file?		XX
14. Was there any post-petition borrowing during this reporting period?		XX
15. Check if paid: Post-petition taxes _____; U.S. Trustee Quarterly Fees _____; Check if filing is current for: Post-petition tax reporting and tax returns: _____.		
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)		

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 6/23/2009 0:00

/s/ Geraldine Kirk-Hughes
Responsible Individual

STATEMENT OF OPERATIONS**(General Business Case)**For the Month Ended 09/30/09

Current Month				Cumulative (Case to Date)	Next Month Forecast
Actual	Forecast	Variance			
\$3,920		\$0	Revenues:		
			1 Gross Sales	\$20,989	\$20,989
\$3,920	\$0	\$3,920	2 less: Sales Returns & Allowances	\$0	\$0
\$0		\$0	3 Net Sales	\$20,989	\$20,989
\$3,920	\$0	\$3,920	4 less: Cost of Goods Sold (Schedule 'B')	\$0	
		\$0	5 Gross Profit	\$20,989	\$20,989
		\$0	6 Interest		
		\$0	7 Other Income: _____		
		\$0	8 _____		
		\$0	9 _____		
\$3,920	\$0	\$3,920	10 Total Revenues	\$20,989	\$20,989
			Expenses:		
\$0		\$0	11 Compensation to Owner(s)/Officer(s)	\$0	\$0
\$1,500		(\$1,500)	12 Salaries	\$4,999	
\$0		\$0	13 Commissions	\$0	\$0
\$0		\$0	14 Contract Labor		\$0
			Rent/Lease:		
\$0		\$0	15 Personal Property	\$0	\$0
\$0		\$0	16 Real Property	\$0	\$0
\$461		(\$461)	17 Insurance	\$0	\$0
\$0		\$0	18 Management Fees	\$0	\$0
		\$0	19 Depreciation		
			Taxes:		
		\$0	20 Employer Payroll Taxes		
		\$0	21 Real Property Taxes		
		\$0	22 Other Taxes		
		\$0	23 Other Selling		
		\$0	24 Other Administrative		
		\$0	25 Interest		
\$72		(\$72)	26 Other Expenses: <u>Office Supplies</u>	\$0	\$0
\$233		(\$233)	27 Telephone Service		
\$59		(\$59)	28 City License Fee		
\$414		(\$414)	29 Power		
\$82		(\$82)	30 Alarm Service		
\$331		(\$331)	31 Water		
\$120		(\$120)	32 Lawn Service		
\$90		(\$90)	33 Pest Control		
		\$0	34 _____		
\$3,362	\$0	(\$3,362)	35 Total Expenses	\$4,999	\$0
\$558	\$0	\$558	36 Subtotal	\$15,991	\$20,989
			Reorganization Items:		
		\$0	37 Professional Fees		
		\$0	38 Provisions for Rejected Executory Contracts		
		\$0	39 Interest Earned on Accumulated Cash from Resulting Chp 11 Case		
		\$0	40 Gain or (Loss) from Sale of Equipment		
		\$0	41 U.S. Trustee Quarterly Fees		
		\$0	42 _____		
\$0	\$0	\$0	43 Total Reorganization Items	\$0	\$0
\$558	\$0	\$558	44 Net Profit (Loss) Before Federal & State Taxes	\$15,991	\$20,989
		\$0	45 Federal & State Income Taxes		
\$558	\$0	\$558	46 Net Profit (Loss)	\$15,991	\$20,989

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)
For the Month Ended 04/31/2009

Assets**From Schedules****Market Value****Current Assets**

1	Cash and cash equivalents - unrestricted		\$5,493
2	Cash and cash equivalents - restricted		\$0
3	Accounts receivable (net)	A	\$38,703
4	Inventory	B	\$0
5	Prepaid expenses		\$0
6	Professional retainers		\$0
7	Other: _____		
8	_____		
9	Total Current Assets		\$44,196

Property and Equipment (Market Value)

10	Real property	C	\$9,988,346
11	Machinery and equipment	D	\$0
12	Furniture and fixtures	D	\$0
13	Office equipment	D	\$0
14	Leasehold improvements	D	\$0
15	Vehicles 2007 Power Boat	D	\$5,000
16	Other: _____	D	
17	_____	D	
18	_____	D	
19	_____	D	
20	_____	D	
21	Total Property and Equipment		\$9,993,346

Other Assets

22	Loans to shareholders		\$0
23	Loans to affiliates		\$0
24	_____		
25	_____		
26	_____		
27	_____		
28	Total Other Assets		\$0
29	Total Assets		\$10,037,542

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

Liabilities and Equity
(General Business Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

30	Salaries and wages		\$1,500
31	Payroll taxes		
32	Real and personal property taxes		\$0
33	Income taxes		\$0
34	Sales taxes		\$0
35	Notes payable (short term)		\$0
36	Accounts payable (trade)	A	\$0
37	Real property lease arrearage		\$0
38	Personal property lease arrearage		\$0
39	Accrued professional fees		\$0
40	Current portion of long-term post-petition debt (due within 12 months)		\$0
41	Other:		
42			
43			
44	Total Current Liabilities		\$1,500

45	Long-Term Post-Petition Debt, Net of Current Portion		\$0
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46	Total Post-Petition Liabilities		\$1,500
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Pre-Petition Liabilities (allowed amount)

47	Secured claims	F	\$5,590,000
48	Priority unsecured claims	F	\$0
49	General unsecured claims	F	\$1,450,098
50	Total Pre-Petition Liabilities		\$7,040,098
51	Total Liabilities		\$7,041,598

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing		\$0
53	Capital Stock		\$0
54	Additional paid-in capital		\$0
55	Cumulative profit/(loss) since filing of case		
56	Post-petition contributions/(distributions) or (draws)		\$0
57			
58	Market value adjustment		
59	Total Equity (Deficit)		\$0
60	Total Liabilities and Equity (Deficit)		\$7,041,598

SCHEDULES TO THE BALANCE SHEET

(General Business Case)

Schedule A**Accounts Receivable and (Net) Payable**

Receivables and Payables Agings	Accounts Receivable [Pre and Post Petition]	Accounts Payable [Post Petition]	Past Due Post Petition Debt
0 -30 Days	\$8,979		
31-60 Days	\$4,000		
61-90 Days	\$1,000		
91+ Days	\$29,953		\$0
Total accounts receivable/payable	\$43,932	\$0	
Allowance for doubtful accounts			
Accounts receivable (net)	\$43,932		

Schedule B**Inventory/Cost of Goods Sold**

Types and Amount of Inventory(ies)	Inventory(ies) Balance at End of Month	Cost of Goods Sold
		Inventory Beginning of Month
		Add -
Retail/Restaurants -		Net purchase
Product for resale		Direct labor
		Manufacturing overhead
Distribution -		Freight in
Products for resale		Other:
Manufacturer -		
Raw Materials		
Work-in-progress		
Finished goods		
Other - Explain		
TOTAL	\$0	Cost of Goods Sold
		\$0

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes _____ No _____

How often do you take a complete physical inventory?

Weekly _____

Monthly _____

Quarterly _____

Semi-annually _____

Annually _____

Date of last physical inventory was _____

Date of next physical inventory is _____

Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost _____

LIFO cost _____

Lower of cost or market _____

Retail method _____

Other _____

Explain _____

Schedule C
Real Property

Description	<u>Cost</u>	<u>Market Value</u>
Multi-Unit Storage Facility		\$1,346,360
10 Acres Rual Land with Single-Family Dwelling		\$741,986
18 Acres of Undeveloped Residential Tract Zoned Land		\$4,900,000
50 Acres of Undeveloped Lake-Front Land		\$3,000,000
Water rights of 3 cubic feet per second for the benefit of the above-referenced 578 acres of real property		
Total	\$0	\$9,988,346

Schedule D
Other Depreciable Assets

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	\$0	\$0

Furniture & Fixtures -		
Total	\$0	\$0

Office Equipment -		
Total	\$0	\$0

Leasehold Improvements -		
Total	\$0	\$0

Vehicles -		
Total	\$0	\$0

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
Federal					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
Total Federal Taxes	\$0	\$0	\$0	\$0	\$0
State and Local					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$0	\$0	\$0	\$0	\$0
Total Taxes	\$0	\$0	\$0	\$0	\$0

Schedule F
Pre-Petition Liabilities

<u>List Total Claims For Each Classification -</u>	<u>Claimed Amount</u>	<u>Allowed Amount (b)</u>
Secured claims (a)	\$5,590,000	\$5,590,000
Priority claims other than taxes	\$0	
Priority tax claims	\$0	
General unsecured claims	\$1,450,098	\$20,000

- (a) List total amount of claims even if under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>
Bank	Bank of Nevada			
Account Type	Operating			
Account No.	7501123659			
Account Purpose	Operations			
Balance, End of Month	\$5,493			
Total Funds on Hand for all Accounts	\$5,493			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended** 04/30/09

		<u>Actual Current Month</u>	<u>Cumulative (Case to Date)</u>
Cash Receipts			
1	Rent/Leases Collected	\$3,920	
2	Cash Received from Sales	\$0	\$0
3	Interest Received	\$0	\$0
4	Borrowings	\$0	\$0
5	Funds from Shareholders, Partners, or Other Insiders	\$0	\$0
6	Capital Contributions	\$0	\$0
7			
8			
9			
10			
11			
12	Total Cash Receipts	\$3,920	\$0
Cash Disbursements			
13	Payments for Inventory		
14	Selling		
15	Administrative		
16	Capital Expenditures		
17	Principal Payments on Debt		
18	Interest Paid		
	Rent/Lease:		
19	Personal Property		
20	Real Property		
	Amount Paid to Owner(s)/Officer(s)		
21	Salaries		
22	Draws		
23	Commissions/Royalties		
24	Expense Reimbursements		
25	Other		
26	Salaries/Commissions (less employee withholding)		
27	Management Fees		
	Taxes:		
28	Employee Withholding		
29	Employer Payroll Taxes		
30	Real Property Taxes		
31	Other Taxes		
32	Other Cash Outflows:		
33			
34			
35			
36			
37			
38	Total Cash Disbursements:	\$3,362	\$0
39	Net Increase (Decrease) in Cash	\$558	\$0
40	Cash Balance, Beginning of Period	\$3,704	
41	Cash Balance, End of Period	\$4,262	\$0

STATEMENT OF CASH FLOWS
(Optional) Increase/(Decrease) in Cash and Cash Equivalents
For the Month Ended 04/30/09

	Actual	Cumulative
Cash Flows From Operating Activities	<u>Current Month</u>	<u>(Case to Date)</u>
1 Cash Received from Sales	\$0	
2 Rent/Leases Collected	\$3,920	
3 Interest Received	\$0	
4 Cash Paid to Suppliers		
5 Cash Paid for Selling Expenses		
6 Cash Paid for Administrative Expenses		
Cash Paid for Rents/Leases:		
7 Personal Property	\$0	
8 Real Property	\$0	
9 Cash Paid for Interest	\$0	
10 Cash Paid for Net Payroll and Benefits	\$0	
Cash Paid to Owner(s)/Officer(s)		
11 Salaries	\$0	
12 Draws	\$0	
13 Commissions/Royalties	\$0	
14 Expense Reimbursements	\$0	
15 Other	\$0	
Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16 Employer Payroll Tax	\$0	
17 Employee Withholdings		
18 Real Property Taxes		
19 Other Taxes		
20 Cash Paid for General Expenses		
21		
22		
23		
24		
25		
26		
27 Net Cash Provided (Used) by Operating Activities before Reorganization Items	\$3,920	\$0
Cash Flows From Reorganization Items		
28 Interest Received on Cash Accumulated Due to Chp 11 Case		
29 Professional Fees Paid for Services in Connection with Chp 11 Case		
30 U.S. Trustee Quarterly Fees		
31		
32 Net Cash Provided (Used) by Reorganization Items	\$0	\$0
33 Net Cash Provided (Used) for Operating Activities and Reorganization Items	\$3,920	\$0
Cash Flows From Investing Activities		
34 Capital Expenditures	\$0	
35 Proceeds from Sales of Capital Goods due to Chp 11 Case	\$0	
36	\$0	
37 Net Cash Provided (Used) by Investing Activities	\$0	\$0
Cash Flows From Financing Activities		
38 Net Borrowings (Except Insiders)	\$0	
39 Net Borrowings from Shareholders, Partners, or Other Insiders	\$0	
40 Capital Contributions	\$0	
41 Principal Payments	\$0	
42	\$0	
43 Net Cash Provided (Used) by Financing Activities	\$0	\$0
44 Net Increase (Decrease) in Cash and Cash Equivalents	\$3,920	\$0
45 Cash and Cash Equivalents at Beginning of Month		
46 Cash and Cash Equivalents at End of Month	\$3,920	\$0